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DETROIT MAN PLEADS GUILTY TO MAIL FRAUD

A 60 year-old Detroit man pleaded guilty today in federal court to one count of mail fraud charging him with a scheme to defraud Detroit homeowners whose homes were in foreclosure and causing them to mail money orders to an entity he set up in California in the belief that they would be able to cure their arrearage and reinstate their mortgages, United States Attorney Stephen J. Murphy announced today.

Pleading guilty before U.S. District Judge George Caram Steeh was Richard Leroy Davis of Detroit, Michigan.

The fraud arose when Richard Davis, and his associates, began operating out of residential locations on the East side of Detroit in January 2001 and continuing until July 2003. Davis did business under the name of FTA (Foreclosure & Tenant Association) and, later, Realco. Davis and his associates obtained the addresses of properties in mortgage foreclosure from the *Detroit Legal News*, then obtained the homeowners names, and sent advertising fliers addressed to the financially distressed homeowners representing that they could help save their homes and delay their foreclosure proceedings up to 6 months. Davis charged the distressed homeowners a \$1,000 fee for his services and then eventually filed a bankruptcy petition under a third party's name listing an interest in the distressed homeowner's property. The filing of the bankruptcy petition served to stop the foreclosure. The named debtors in the bankruptcy cases failed to appear and the case would eventually be dismissed. The foreclosure proceeding was stayed, however, until the mortgage companies could get the bankruptcy court to permit it to continue its foreclosure. The U.S. Trustees Office, which is responsible for enforcing the Bankruptcy Code and rules for the Bankruptcy Court, has identified more than 20 such fraudulent petitions filed with the Bankruptcy Court in Detroit between January 2001 through July 2003.

Davis also instructed the distressed homeowners to send their monthly mortgage payments to entities he set up in California called the TIB Land Group, L.L.C. and later West Coast Land Group, LLC in Los Angeles, California under the belief that they were curing or reinstating their mortgage defaults. The homeowners would then be surprised to receive

eviction notices.

"Taking advantage of financially distressed homeowners during troubled times is a reprehensible crime," said U.S. Attorney Murphy. "Moreover, this case involved a gross abuse of the federal bankruptcy court system, which depends on the honesty and integrity of debtors seeking a fresh start. We will aggressively pursue such abuses."

The count to which he pleaded guilty, carries a maximum sentence of 20 years imprisonment and a \$250,000 fine.

Davis' sentencing is scheduled for October 16, 2006 at 10 a.m.

The investigation of this case has been conducted by Special Agent Claudia Link of the FBI Office in Detroit and prosecuted by Assistant U.S. Attorney Ross I. MacKenzie and Special Assistant U.S. Attorney Leslie K. Berg. Substantial support was received from the U.S. Trustees Office charged with administering bankruptcy cases.